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POVERTY AREAS OF OUR MAJOR CITIES. SPECIAL LABOR FORCE REPORT NUMBER 75.

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THE EMPLOYMENT SITUATION OF NEGRO AND WHITE WORKERS IN METROPOLITAN AREAS WAS COMPARED BY USING DATA COLLECTED IN THE MARCH 1966 "CURRENT POPULATION SURVEY." POVERTY TRACTS IN THE LARGE METROPOLITAN AREAS WERE IDENTIFIED, AND EMPLOYMENT CHARACTERISTICS OF PERSONS LIVING THERE WERE COMPARED WITH THOSE OF CITY DWELLERS OUTSIDE THE POVERTY TRACTS. SOME FINDINGS WERE -- (1) THE AVERAGE UNEMPLOYMENT RATE FOR WORKERS IN POVERTY AREAS WAS 7.5 PERCENT, ABOUT DOUBLE THE RATE FOR THE UNITED STATES AS A WHOLE, (2) THE TEENAGE UNEMPLOYMENT RATE IN POVERTY AREAS WAS NEARLY 25 PERCENT, (3) IN THE BIG CITIES OF AMERICA, MORE THAN HALF THE NEGROES BUT ONLY ONE-TENTH OF THE WHITES LIVE IN POVERTY AREAS, (4) IN SEVERAL RESPECTS, THE EMPLOYMENT SITUATION OF WHITE WORKERS IN POVERTY AREAS WAS BETTER THAN THAT OF NEGRO WORKERS NOT LIVING IN POVERTY AREAS, (5) POVERTY AREA DWELLERS, NEGROES IN PARTICULAR, WERE CONCENTRATED IN LESS SECURE, LESS DESIRABLE, AND LESS REWARDING JOBS THAN THEIR COUNTERPARTS IN THE MORE AFFLUENT PARTS OF THE CITY, (6) OLD AGE AND SERIOUS DISABILITY WERE IMPORTANT FACTORS HOLDING WHITE MEN OUT OF THE LABOR FORCE AND KEEPING THEM IN POVERTY AREAS, WHILE AMONG NEGROES SERIOUS DISABILITY APPEARED TO BE THE KEY FACTOR, AND (7) AS OF MARCH 1966, A MINIMUM OF 260,000 ADDITIONAL JOBS WOULD HAVE BEEN REQUIRED TO REDUCE THE POVERTY AREA UNEMPLOYMENT RATES TO THE LEVEL OF THOSE OF WHITE RESIDENTS IN NONPOVERTY AREAS. THIS DOCUMENT APPEARED IN THE "MONTHLY LABOR REVIEW," OCTOBER 1966. (ET)

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SPECIAL LABOR FORCE REPORT NO. 75

POVERTY AREAS OF OUR MAJOR CITIES

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UNITED STATES DEPARTMENT OF LABOR · W. Willard Wirtz, Secretary
BUREAU OF LABOR STATISTICS · Arthur M. Ross, Commissioner

Poverty Areas of Our Major Cities

The Employment Situation of Negro and White Workers in Metropolitan Areas Compared in a Special Labor Force Report

JAMES R. WETZEL AND SUSAN S. HOLLAND*

HIDDEN by the national averages of record employment and low unemployment is a different—and dismal—picture of the employment situation for both white and Negro workers in the slum areas of large cities. The urban poor live in a world characterized by frequent periods of unemployment between menial and unrewarding jobs. In March 1966, the average unemployment rate for workers living in poverty areas of big cities was 7.5 percent—about double the rate for the United States as a whole. For teenagers in the poverty areas, it was nearly 25 percent. These findings are based on special tabulations of data collected in the March 1966 Current Population Survey, in which poverty tracts in the large metropolitan areas were identified,[1] and employment characteristics of persons living there were compared with those of city dwellers outside the poverty tracts.

The job situation was even more unfavorable among Negroes.[2] In the big cities of America, more than half the Negroes but only one-tenth of the whites live in poverty areas. By almost every measure of economic well-being available through the survey, Negroes in poverty areas were less well off than whites in the same type of area: Negroes had higher unemployment rates and less desirable jobs; they worked shorter hours; and Negro men in the central age groups had lower labor force participation rates and higher disability rates. Moreover, Negroes living in nonpoverty areas were not much better off than those in poverty areas; among whites, the differences were very sharp.

In several respects, the employment situation of white workers in poverty areas was better than that of Negro workers in nonpoverty areas. The unemployment rate of white workers in poverty areas was 6 percent, the rate of Negro workers in nonpoverty areas 7.2 percent. White workers in poverty areas were more likely than Negroes in nonpoverty areas to have white-collar or skilled jobs. Thus, the white workers in poor neighborhoods—though their employment situation was much worse than that of whites in nonpoverty areas—seemed to have a comparative advantage over Negroes in both areas.

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[1] The poverty area classification system was developed within the Bureau of the Census for the Office of Economic Opportunity. Poverty areas were identified by ranking census tracts in metropolitan areas with a population of 250,000 or more, on the basis of 1960 data on income, education, skills, housing, and proportion of broken families. After adjustments for urban renewal and contiguity, 4,660 tracts in 100 cities were designated as poverty areas. Data on residents of both poverty and nonpoverty areas of these 100 cities were then tabulated from the Current Population Survey for March 1966.

The boundaries of poverty areas were adjusted to allow for major urban renewal activities since April 1960. However, these areas probably still include some middle- and upper-income families, and of course exclude some poor families who live elsewhere. Thus, these data should be viewed as minimal estimates of the adverse conditions surrounding the residents of poverty areas.

For a detailed description of the techniques employed, see *Characteristics of Families Residing in Poverty Areas: March 1966* (U.S. Bureau of the Census), Series P–23, No. 19.

[2] Survey data, as indicated in the tables, refer to the "nonwhite" population. Of this population, 92 percent are Negroes. Thus the findings overwhelmingly reflect the experience of the urban Negro, and this article is written in those terms. (The specific experience of other nonwhite groups—Chinese, Japanese, American Indian—may vary from the inclusive data presented here; their proportions in the nonwhite population are very small, however.)

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TABLE 1. EMPLOYMENT STATUS OF CIVILIAN NONINSTITUTIONAL POPULATION AGE 14 YEARS AND OVER, BY AREA AND COLOR, MARCH 1966

[Numbers in thousands]

Employment status	Standard metropolitan statistical areas [1]		United States
	Poverty areas	Nonpoverty areas	
Civilian population	12,132	62,842	134,767
Nonwhite [2]	42.0	6.4	10.7
Civilian labor force	6,644	36,088	75,060
Nonwhite [2]	45.0	7.1	11.0
Employed	6,145	34,704	72,023
Nonwhite [2]	44.1	6.9	10.6
Unemployed	499	1,383	3,037
Nonwhite [2]	56.1	13.4	20.9
Unemployment rate	7.5	3.8	4.0
Nonwhite	9.4	7.2	7.7
White	6.0	3.6	3.6

[1] With a population of 250,000 or more.
[2] As a percent of total.

Those Who Live in Poverty Areas

The 12.1 million persons (age 14 years and over) living in big-city poverty areas in March 1966 accounted for 16 percent of the population in these cities. They were 9 percent of the national population in this age group. Of the 12.1 million persons, 42 percent were Negroes (see table 1), although on a nationwide basis Negroes made up only 11 percent of the civilian noninstitutional population age 14 and older. Fifty-six percent of all big-city Negroes lived in poverty areas.

These poverty areas also contained disproportionate shares of other groups whose incomes are typically lower than average—the aged; widowed, divorced, and separated persons; and families headed by women.

Their Unemployment Rates

For male workers, for teenage boys, and for young men (age 20 to 24), the March unemployment rates in poverty areas were about double the rates in nonpoverty areas. And for men in the prime working years (25 to 54), the unemployment rate in poverty areas was 6 percent, nearly triple the rate for men in this age group in nonpoverty areas.

Among women in poverty areas, the situation was not much better. Their overall unemployment rate (6.7 percent) was significantly greater than that for women in other areas, but was below the rate for men—in contrast to the situation in nonpoverty areas, where the rates for men are lower. It can be assumed that the widespread demand for domestic, clerical, and service workers provides relatively more employment opportunities for the wives and daughters of men in the ghetto than are available for the men themselves. Detailed unemployment experience is shown in table 2.

Within poverty areas, unemployment rates of Negroes were 1.5 times comparable rates of whites. Altogether, nearly 1 in 10 of the Negroes in poverty areas were unemployed (table 3). For Negro teenagers in those areas, job prospects were especially poor. Nearly one-third of the boys and nearly one-half of the girls who were actively seeking work were unable to find a job.

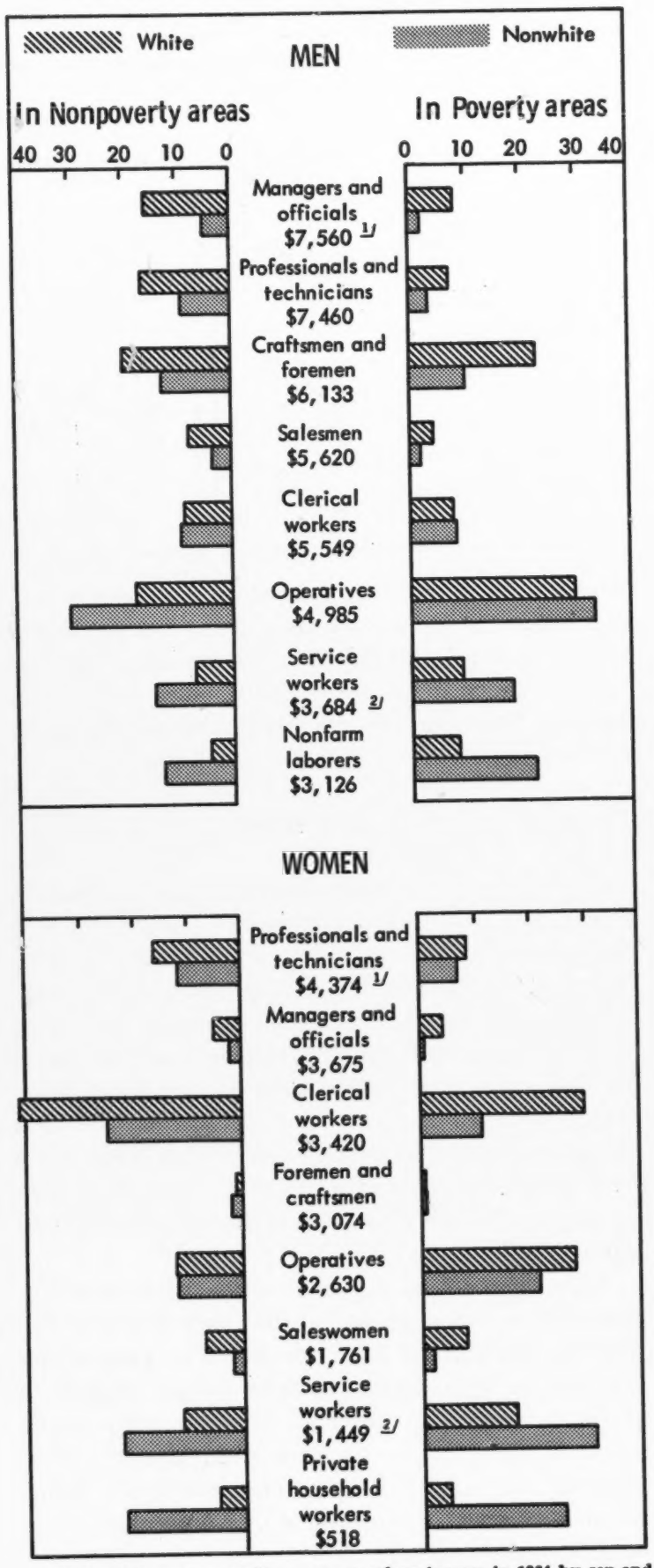
Unemployment rates of Negroes in nonpoverty areas were slightly lower than those of their poverty area counterparts, but sharply higher than the rates of white workers in nonpoverty areas, and even somewhat higher than those of whites in poverty areas. For Negroes in poverty areas, unemployment rates were higher than the worst national rates for the entire labor force recorded since the depression of the 1930's. Obviously, the economic expansion of the past 5 years has not reached many of those living in poverty areas.

Two aspects of the situation are sometimes hard to reconcile—on the one hand, the difficult and seemingly hopeless employment situation for many of the urban poor, especially the Negroes; on the other hand, the fact that the aggregate of this unemployment is only a small fraction of the U.S. labor force as a whole.

TABLE 2. UNEMPLOYMENT RATES BY AGE, SEX, AND AREA, MARCH 1966

Age and sex	Standard metropolitan statistical areas		United States
	Poverty areas	Nonpoverty areas	
All classes	7.5	3.8	4.0
Men, all ages	8.0	3.6	3.8
14 to 19 years	25.0	13.5	12.0
20 to 24 years	11.4	6.4	6.0
25 years and over	5.9	2.4	2.8
25 to 54 years	6.0	2.1	2.6
55 years and over	5.2	3.8	3.5
Women, all ages	6.7	4.2	4.4
14 to 19 years	22.8	10.6	10.9
20 to 24 years	10.6	5.4	5.6
25 years and over	4.5	3.2	3.4
25 to 54 years	4.9	3.5	3.6
55 years and over	3.4	2.0	2.4

Percent Distribution by Occupation of Employed Persons, by Sex and Color, March 1966



1 National figures on median wage or salary income in 1964 by sex and occupation.
2 Excludes private household workers.

Unemployment in poverty areas amounted to half a million in March 1966. Adding the number of unemployed Negroes in the nonpoverty areas brings the total to 700,000—a comparatively small number in an economy which generated more than 3 million payroll jobs in the year from March 1965 to March 1966.

At the time of the survey, nearly half the unemployed in poverty areas had been jobless for less than 5 weeks. Only one-fourth had been out of work 15 weeks or longer. The proportions were about the same in nonpoverty areas; however, the average duration of unemployment was significantly longer for Negroes than for whites, particularly among women. Negro women are presumed to have a stronger labor force commitment than white women, as well as relatively fewer job opportunities, and this presumption is supported by the data on labor force participation and unemployment.

The proportion of the unemployed in poverty areas who had previous work experience averaged about 85 percent (equaling the national average) and did not vary substantially by sex or color. Their work experience—among Negroes in particular—tended to have been as service workers or laborers.

The Jobs They Hold

Poverty area dwellers—and again, Negroes in particular—were concentrated in less secure, less desirable, and less rewarding jobs than their counterparts in the more affluent parts of the city. (See table 4.) Of the 6.1 million persons living in poverty areas who were employed, nearly one-half held blue-collar jobs. Approximately 23 percent were in service occupations, and 28 percent held white-collar jobs. In contrast, one-third of the employed persons in nonpoverty areas were in blue-collar jobs and more than half were white-collar workers. Less than an eighth were service workers.

The employment configuration again reflected the unenviable position of the American Negro. Nearly one-third of all employed urban Negroes were in service occupations, and 1 in 10 held a service job in a private household.

In March 1966, 56 percent of all employed Negro women held service jobs; half of them

were employed in private households. With moderate variations, these percentages held for the Nation, for the big cities as a whole, and for poverty areas in the cities. In contrast, the chief occupations among white women in metropolitan areas were in the clerical or semiskilled operative categories—with both higher pay and higher status.

The largest proportion of Negro men worked as operatives or laborers—occupational categories which have been diminishing in significance and in relative size as the nature of the economy changes. Negro males who held jobs in higher level occupations tended to be concentrated in seasonal industries (such as construction) or in the lower skill levels of the occupation group.

Among Negro male workers in poverty areas, 76 percent were employed as operatives, laborers, or service workers. Only 29 percent of white male workers in nonpoverty areas were in these three occupation groups. The accompanying chart shows the extent to which the employment distribution for white men in poverty areas was more favorable than for Negro men—although less favorable than for whites in nonpoverty areas.

Average hours worked did not differ markedly between persons living in poverty areas and persons in nonpoverty areas; however, in both cases, Negroes worked fewer hours than whites. (See table 5.) A disproportionately large share of Negroes were working part time for economic reasons, and a disproportionately small share had the opportunity to work overtime. Occupational and industrial attachments account for part of the difference in working hours, since job opportunities for Negroes are highly concentrated in the less skilled and less stable occupations.

TABLE 4. EMPLOYED PERSONS, BY OCCUPATION, AREA, AND COLOR, MARCH 1966

[Percent distribution]

Occupation	Standard metropolitan statistical areas					
	Poverty areas			Nonpoverty areas		
	Total	Nonwhite	White	Total	Nonwhite	White
All employed persons:						
Number (in thousands)	6,145	2,709	3,436	34,704	2,387	32,317
Percent	100.0	100.0	100.0	100.0	100.0	100.0
White-collar workers	27.5	17.5	35.4	55.1	33.0	56.7
Professional and technical workers	9.4	4.7	7.7	16.1	10.1	16.6
Managers, officials, and proprietors	4.4	1.6	6.5	11.7	3.6	12.3
Clerical workers	12.9	9.3	15.7	19.9	16.3	20.2
Sales workers	3.9	1.9	5.4	7.4	2.9	7.7
Blue-collar workers	48.5	48.0	48.9	32.7	37.9	32.3
Craftsmen and foremen	10.9	6.1	14.3	13.1	8.0	13.4
Operatives	28.7	28.3	29.0	16.5	22.4	16.0
Nonfarm laborers	8.9	13.6	5.3	3.1	7.6	2.8
Service workers	22.6	34.0	13.5	11.6	28.1	10.4
Private household workers	5.6	10.6	1.6	2.4	9.9	1.9
Other service workers	17.0	23.4	11.9	9.2	18.2	8.5
Farm workers	1.5	.4	2.3	.6	1.0	.6

Those Not in the Labor Force

Old age and serious disability are important factors holding white men out of the labor force and keeping them in poverty areas; among Negroes, serious disability appears to be the key factor. White men living in poverty areas are much more heavily concentrated in the older ages; 18 percent of the whites were 65 and over, compared with 10 percent of the Negroes. Of this age group, the proportions not in the labor force were identical (81 percent), with relatively twice as many Negroes as whites reported as unable to work.[3] (See table 6.)

Three percent of the men in the prime working ages (25 to 54) were not in the labor force, in the metropolitan areas as a whole. The proportion outside the labor force was substantially higher in poverty areas (5.4 percent) than in nonpoverty areas (2.5 percent). Negroes in the poverty areas showed the largest proportion outside the labor force—8 percent, compared with 3.5 percent of the whites in those areas.

TABLE 3. NUMBER OF UNEMPLOYED AND UNEMPLOYMENT RATE, BY AGE, SEX, COLOR, AND AREA, MARCH 1966

[Numbers in thousands]

Age and sex	Standard metropolitan statistical areas							
	Poverty areas				Nonpoverty areas			
	Nonwhite		White		Nonwhite		White	
	Number	Rate	Number	Rate	Number	Rate	Number	Rate
All classes	280	9.4	220	6.0	186	7.2	1,197	3.6
Men, all ages	182	10.2	148	6.3	100	6.9	731	3.4
14 to 19 years	48	30.6	31	19.6	35	31.0	195	12.3
20 to 24 years	33	14.5	26	8.9	14	7.7	123	6.3
25 years and over	101	7.3	91	4.8	51	4.5	414	2.3
25 to 54 years	86	7.6	70	4.8	41	4.1	273	1.9
55 years and over	15	5.7	21	4.9	10	6.6	141	3.6
Women, all ages	98	8.1	72	5.4	86	7.6	466	3.9
14 to 19 years	32	45.8	13	10.0	20	21.8	126	9.8
20 to 24 years	21	13.0	11	8.0	22	12.1	74	4.6
25 years and over	45	4.6	48	4.5	44	5.2	266	3.0
25 to 54 years	42	5.3	35	4.5	41	5.5	224	3.3
55 years and over	3	1.6	13	4.6	3	2.6	42	2.0

[3] All data in this section refer to persons age 16 years and over.

The sharp differences in labor force participation by color and area represented, however, a relatively small number of persons. If all participation rates in the metropolitan areas had been increased to the high rate of white men in nonpoverty tracts (97.5 percent), approximately 100,000 more men age 25–54 would have been in the labor force, Negro men in the poverty areas making up about 70,000 of the increase.

In absolute numbers, Negro men accounted for 100,000 of the 150,000 nonparticipants in the poverty areas. In the nonpoverty areas, about 350,000 whites and 50,000 Negroes were not in the labor force.

Disability was the major reason for the lower participation rates of Negro men. In the poverty areas, the proportion of Negro men aged 25–54 who were reported as unable to work because of long-term illness or disability (5 percent) was nearly four times as high as that of white men. In contrast, the proportion of Negro men not in the labor force for other reasons was only slightly above that of white men. The high incidence of disability reported for Negro men in the central ages deserves further study. Undoubtedly, disability rates are higher for these men; however, if an adult male in the family is not working or seeking work, the respondent to a household survey may find it easier and more acceptable to say that he is unable to work. Preliminary evidence also suggests that psychosomatic illness associated with discouragement contributed to this rate.

Most of the relationships discussed above prevailed in the 55–64 age group (although labor force participation rates dropped sharply for both white and Negro men); one exception was that in the poverty areas the proportion of white men not in the labor force was higher than the proportion of Negro men. This was the only adult male age group where this was true.[4]

In the metropolitan areas as a whole, about half of all the boys in their late teens (16 to 19 years) were working or seeking work in March 1966; most of the other half were attending school. In the nonpoverty areas, school attendance was higher and the proportion not in the labor force was slightly higher. In the poverty areas, the school attendance rate of Negro boys was markedly lower, and 44 percent of them were not in the labor force compared with 51 percent of the white boys of the same age. In the 20–24 age group, participation rates again were lower in the nonpoverty than poverty areas for both whites and Negroes.

Surveys have consistently found the proportion of Negro women in the labor force to be much higher than the proportion of white women. Two factors frequently cited to explain this are the larger proportion of Negro women who are household heads and responsible for the support of the family, and the low earnings of Negro men which make it necessary for wives and other secondary workers to supplement the family income. In the poverty areas of large cities, the labor force participation rate for Negro women age 16 and over was 46.3 percent, compared with 36.5 percent for white women. For both groups, the rates moved up in nonpoverty areas—only slightly (to 39.5) for white women, but markedly (to 55.3) for Negro women.

There are several possible explanations for the very high labor force participation rates of Negro women in nonpoverty areas. Negro families are more likely than white families to have severe financial problems, regardless of place of residence. Presumably, job opportunities are better and more widely available in the nonpoverty areas. The aspiration levels of Negro women outside of poverty areas may be higher, and in some cases, it may

TABLE 5. HOURS WORKED BY NONAGRICULTURAL WAGE AND SALARY WORKERS, BY COLOR AND AREA, MARCH 1966

[Percent distribution]

Hours worked	Standard metropolitan statistical areas			
	Poverty areas		Nonpoverty areas	
	Nonwhite	White	Nonwhite	White
All workers	100.0	100.0	100.0	100.0
1 to 34 hours	22.9	14.2	19.7	16.7
Voluntary part time	12.5	8.7	12.6	12.6
Economic part time	5.7	2.5	4.0	1.6
Other reasons [1]	4.4	3.0	3.1	2.5
35 to 40 hours	58.2	59.2	61.3	55.0
41 hours or more	19.2	26.6	19.2	28.2
Average hours, all workers	37.3	39.9	38.0	39.6
Men	39.7	41.7	40.9	42.3
Women	33.7	37.0	34.3	34.9

[1] Includes bad weather, illness, holiday, and similar reasons.

[4] Since the underlying population numbers are small, and the figures relate only to a single month, this finding should be treated with caution until further evidence is available.

TABLE 6. LABOR FORCE STATUS OF MEN AGE 16 AND OVER, BY AGE, COLOR, AND AREA, MARCH 1966

[Numbers in thousands]

Age group and item	Standard metropolitan statistical areas					
	Poverty areas			Nonpoverty areas		
	Total	Nonwhite	White	Total	Nonwhite	White
ALL MEN, AGE 16 AND OVER						
Civilian noninstitutional population	5,333	2,208	3,125	28,087	1,737	26,350
Not in labor force	1,263	453	810	5,238	300	4,938
As percent of population:						
Not in labor force	23.7	20.5	25.9	18.6	17.3	18.7
In school	5.2	5.1	5.3	7.2	8.4	7.1
Unable to work	4.4	5.7	3.6	1.4	2.0	1.3
Other reasons	13.8	9.6	16.7	10.0	6.9	10.2
16 TO 19 YEARS						
Civilian noninstitutional population	539	241	298	3,033	225	2,808
Not in labor force	258	107	151	1,576	119	1,457
As percent of population:						
Not in labor force	47.9	44.4	50.7	52.0	52.9	51.9
In school	42.1	37.3	46.0	49.9	51.6	49.8
Other reasons	5.2	5.4	4.7	1.6	1.3	1.6
20 TO 24 YEARS						
Civilian noninstitutional population	577	249	327	2,625	211	2,414
Not in labor force	65	25	40	491	29	463
As percent of population:						
Not in labor force	11.3	10.0	12.2	18.7	13.7	19.2
In school	6.8	5.6	7.6	16.0	10.4	16.5
Unable to work	2.6	3.7	1.5	.8	.9	.7
Other reasons	1.9	.8	2.8	2.0	1.9	2.0
25 TO 54 YEARS						
Civilian noninstitutional population	2,738	1,234	1,505	15,603	1,047	14,559
Not in labor force	149	99	52	387	47	341
As percent of population:						
Not in labor force	5.4	8.0	3.5	2.5	4.5	2.3
In school	.4	.6	.1	.5	.8	.5
Unable to work	2.9	4.9	1.3	.6	1.1	.6
Other reasons	2.0	2.5	1.8	1.3	2.8	1.2
55 TO 64 YEARS						
Civilian noninstitutional population	696	275	421	3,680	147	3,533
Not in labor force	156	53	104	470	24	446
As percent of population:						
Not in labor force	22.4	19.3	24.7	12.8	16.3	12.6
Unable to work	8.5	7.3	9.5	3.3	6.8	3.1
Other reasons	13.6	12.0	14.7	9.4	10.2	9.4
65 YEARS AND OVER						
Civilian noninstitutional population	784	210	574	3,145	108	3,037
Not in labor force	635	170	465	2,313	81	2,232
As percent of population:						
Not in labor force	81.0	81.0	81.0	73.5	75.0	73.5
Unable to work	10.3	16.2	8.0	4.4	11.1	4.1
Other reasons	69.5	63.3	71.6	68.6	63.9	68.8

NOTE: Individual percentages may not add to totals, due to rounding and because only the most important reasons were selected for each age group.

be the woman's participation in the labor force that has enabled the family to move out of a poverty area.

Minimal Employment Needs

As of March 1966, a minimum of 260,000 additional jobs would be required to reduce the poverty area unemployment rates to the level of white residents in nonpoverty areas. Another 90,000 jobs would be necessary to do the same for Negro residents of nonpoverty areas. Additional hours of work equivalent to at least 100,000 more jobs would be necessary to provide full-time positions for persons now working part time for economic reasons. And another 175,000 jobs would be needed to employ men age 25 to 64 who have withdrawn from the labor force.[5] Thus, a program to employ the jobless, the underemployed, and the nonparticipants would entail the provision of more than 600,000 full-time steady jobs. This, however, is not enough. Millions of the urban poor are employed in occupations and industries where earnings are low, and many—because of lack of education or skills—are limited to menial jobs with substandard wages. Thus, additional remedies are needed if those who live in the poverty areas of our larger cities are to be brought into the mainstream of the American economy.

[5] These estimates were calculated by applying the unemployment rates of whites in nonpoverty areas to the civilian labor force figures for all Negroes in these cities and for whites living in poverty areas. The resulting figure was subtracted from the actual figure to indicate the general magnitude of the unemployment problem. The same technique was used to estimate the number of jobs required to employ adult male nonparticipants.